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CLERK, U.S. DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO, FLORIDA

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
ORLANDO DIVISION

WILLIAM A. ELMER,

Plaintiff,

v.

GOLDENROD PIZZA LLC, a Florida
limited liability company d/b/a EAST OF
CHICAGO PIZZA, and AUTOSOX USA,
INC., a Washington corporation,

Defendants.

and

AUTOSOX USA, INC., a Washington
Corporation,

Counter-Plaintiff,

v.

WILLIAM A. ELMER, a married person,
and HOT TO HOME, INC, d/b/a/ HTH
INC., a Florida Corporation,

Counter-Defendants.

No. 01-CV-673

DEFENDANT AUTOSOX'S ANSWER
AND COUNTERCLAIM FOR

DECLARATORY JUDGMENT OF
INVALIDITY AND
UNENFORCEABILITY;

VIOLATION OF SECTION 43(a) OF
THE LANHAM ACT; AND

VIOLATION OF FLORIDA
CONSUMER PROTECTION ACT

ANSWER

Defendant Autosox U.S.A., Inc. answers the allegations of the complaint of Plaintiff
William A. Elmer as follows:

1. Answering the allegations of Paragraph 1, Defendant admits that Plaintiff is
an individual residing in Orange County, Florida.

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1 2. Answering the allegations of Paragraph 2, Defendant admits that public
2 records indicate that Goldenrod Pizza, LLC was established as a Florida Limited Liability
3 Company. Defendant denies the remaining allegations of Paragraph 2.

4 3. Answering the allegations of Paragraph 3, Defendant admits that it is a
5 Washington Corporation that has shipped goods into the state of Florida. Except as so
6 admitted, Defendant denies each and every remaining allegation of Paragraph 3.

7 4. Answering the allegations of Paragraph 4, Defendant admits that the Court has
8 subject matter jurisdiction and that venue is proper in this district.

9 5. Answering the allegations of Paragraph 5, Defendant admits that the
10 Complaint purports to allege that Plaintiff Elmer has brought an action against Defendant for
11 infringement of United States Patent 5,711,100. Except as so admitted, Defendant denies
12 each and every allegation of Paragraph 5.

13 6. Answering the allegations of Paragraph 6, Defendant incorporates by this
14 reference its answers to the allegations of Paragraphs 1-5, inclusive, as though set forth here
15 in full.

16 7. Answering the allegations of Paragraph 7, Defendant admits that the United
17 States Patent No. 5,711,100 is a published patent with an issue date of January 27, 1998.
18 Except as so admitted, Defendant lacks knowledge or information sufficient to form a belief
19 as to the truth of the remaining allegations and, on that ground, denies each and every
20 remaining allegation of Paragraph 7.

21 8. Answering the allegations of Paragraph 8, Defendant admits that Exhibit 1 to
22 the Complaint appears to be a copy of U.S. Patent No. 5,711,100.

23 9. Defendant denies each and every allegation of Paragraph 9.

24 10. Defendant denies each and every allegation of Paragraph 10.

25 11. Defendant denies each and every allegation of Paragraph 11.

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12. Defendant denies each and every allegation of Paragraph 12.

13. Defendant denies each and every allegation of Paragraph 13.

AFFIRMATIVE DEFENSES

FIRST AFFIRMATIVE DEFENSE

For its first affirmative defense, Defendant asserts that the Complaint fails to state a cause of action for which relief can be granted.

SECOND AFFIRMATIVE DEFENSE

For its second affirmative defense, Defendant asserts that the accused products and methods do not infringe any valid claim of the 5,711,100 patent.

THIRD AFFIRMATIVE DEFENSE

For its third affirmative defense, Defendant asserts that the claims of the patent in suit are invalid because they are anticipated by the prior art under 35 U.S.C. §102.

FOURTH AFFIRMATIVE DEFENSE

For its fourth affirmative defense, Defendant asserts that the claims of the patent in the suit are invalid because they are obvious in view of the prior art under 35 U.S.C. §103.

FIFTH AFFIRMATIVE DEFENSE

For its fifth affirmative defense, Defendant asserts that the claims of the patent in suit cannot be enforced as to the accused products and methods under the doctrine of file wrapper estoppel.

SIXTH AFFIRMATIVE DEFENSE

For its sixth affirmative defense, Defendant asserts that the claims of the patent in suit are unenforceable under the doctrine of laches.

SEVENTH AFFIRMATIVE DEFENSE

For its seventh affirmative defense, Defendant asserts that the claims of the patent in

1 suit are unenforceable under the doctrine of patent misuse.

2 EIGHTH AFFIRMATIVE DEFENSE

3 For its eighth affirmative defense, Defendant asserts that the claims of the patent in
4 suit are invalid because they are not supported by the specifications and original claims as
5 required by §112.

6 NINTH AFFIRMATIVE DEFENSE

7 For its ninth affirmative defense, Defendant asserts that the claims of the patent in
8 suit are invalid and unenforceable because they are indefinite under 35 U.S.C. §112, and
9 failed to identify the best mode.

10 TENTH AFFIRMATIVE DEFENSE

11 For its tenth affirmative defense, Defendant asserts that the claims of the patent in suit
12 are invalid because they do not claim patentable subject matter under 35 U.S.C. §101.

13 ELEVENTH AFFIRMATIVE DEFENSE

14 For its eleventh affirmative defense, Defendant asserts that the claims of the patent in
15 suit are invalid because they do not correctly name the inventors.

16 TWELFTH AFFIRMATIVE DEFENSE

17 For its twelfth affirmative defense, Defendant asserts Plaintiff may not recover
18 damages, if any, prior to June 13, 2001 pursuant to 35 U.S.C. §287(a).

19 THIRTEENTH AFFIRMATIVE DEFENSE

20 For its thirteenth affirmative defense, Defendant asserts that Plaintiff may not recover
21 damages, if any, subsequent to June 13, 2001 pursuant to 35 U.S.C. §287(a).

22 FOURTEENTH AFFIRMATIVE DEFENSE

23 For its fourteenth affirmative defense, Defendant asserts that the claims of the patent
24 in suit are invalid because the subject matter of those claims were reduced to practice at least
25 one (1) year prior to, and were commercially used before, the effective filing date of the
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1 patent in suit, as described in 35 U.S.C. §273(b).

2 FIFTEENTH AFFIRMATIVE DEFENSE

3 For its fifteenth affirmative defense, Defendant asserts that the claims of the patent in
4 suit are invalid and unenforceable because, based on information and belief, the inventor
5 and/or its counsel did not identify relevant prior art as required by 37 C.F.R. §1.56.

6 SIXTEENTH AFFIRMATIVE DEFENSE

7 For its sixteenth affirmative defense, Defendant asserts that the claims of the patent in
8 suit are invalid and unenforceable due to inequitable conduct by Plaintiff, counsel and/or
9 Plaintiff's agents, before the United States Patent and Trademark Office ("PTO"). In support
10 of this affirmative defense, Defendant is informed and believes, and therefore alleges, as
11 follows:

12 1. Beginning at a time currently unknown to Defendant, but at least by 1987, the
13 vehicle advertising sign industry began using magnets as a means of temporary attachment of
14 signs to vehicles. This removable means of magnetic attachment allowed many industries
15 including the pizza industry, taxicab industry, shuttle service industry, and others, to use
16 advertising signs on independent driver vehicles for its business as an alternative to having to
17 purchase fleets of vehicles and have the signs permanently affixed.

18 2. Beginning at a time currently unknown to Defendant, but prior to 1987, other
19 industries and vehicle products that embodied magnets as a removable means and source of
20 attachment include taxi cab signs, emergency sirens and lights, towing lights, and CB
21 antennas.

22 3. The RB (Round Base) line of magnets are the most commonly used for
23 attaching accessory products to metal, and in particular, the RB-80 magnet has been used in
24 the vehicle advertising sign industry. The RB 80 magnet is a common stock item and is the
25 combination of a disc-shaped ceramic magnet affixed inside a metal plated, dish-shaped
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1 housing, with an attachment hole in the center providing the means by which the magnet can
2 be affixed with a fastener extending through the magnetic assembly to the advertising sign.
3 The strength of the magnets and the way they are encased inside the metallic dish-shaped
4 housing allows vehicle signs, for example, to be affixed to a vehicle temporarily.

5 4. The RB-80 magnet, and other magnets not necessarily designated as the "RB-
6 80" magnet but which have the same or essentially the same design as described above, have
7 been designed and sold by several magnet manufacturers with some as early as the mid
8 1950's. Because this magnet design was sufficient for the desired purpose by the vehicle
9 sign industry, vehicle advertising sign manufacturers and vendors purchased these magnets
10 from the magnet manufacturers for use on their products.

11 5. Based upon information and belief, Plaintiff was aware of these magnets prior
12 to his application, had incorporated them into his invention, failed to disclose the prior art to
13 the United States Patent & Trademark Office, and claims these magnets not invented by him
14 on U.S. Patent No. 5, 711, 100 issued on January 27, 1998 and entitled "Vehicle Advertising
15 Sign, System and Method."

16 6. During the prosecution of Patent No. 5,711,100, Plaintiff knowingly, willfully
17 and intentionally concealed from the Patent Office material information about the magnets,
18 including the fact that the magnets were originally designed and manufactured by entities and
19 individuals other than Plaintiff, and that the design was not altered.

20 7. During the prosecution of U.S. Patent No. 5,711,100, Plaintiff willfully and
21 intentionally concealed from the Patent Office the prior art references, and which product is
22 contained in the embodiment of the inventions. Plaintiff and his counsel were both aware of
23 the obligation to disclose prior art pursuant to 37 C.F.R. §1.56, and failed to file any such
24 disclosure statement in the prosecution of this patent application.

8. By knowingly, willfully, and intentionally concealing the prior art references, Plaintiff breached the duty of candor and good faith owed the Patent Office, for the sole purpose and effect of misleading the Patent Office during the patent prosecution process.

The Affirmative Defenses alleged above are believed to be well-grounded in fact and warranted by existing law or a good faith argument for the modification or reversal of existing law and are not interposed for any improper purpose, such as to harass or cause unnecessary delay or to increase the costs of litigation. If after additional discovery, it appears that some Affirmative Defenses should be amended or withdrawn, appropriate action will be taken by Defendant. Defendant reserves the right to bring additional defenses as discovery reveals the facts of this case.

REQUEST FOR RELIEF

Wherefore, Defendant prays for judgment in its favor and against Plaintiff that:

1. Defendant has not infringed any claim of U.S. Patent No. 5,711,100.
2. The claims of U.S. Patent No. 5,711,100 are not valid.
3. The claims of U.S. Patent No. 5,711,100 are not enforceable.
4. William Elmer is not entitled to injunctive relief.
5. William Elmer takes nothing by this action; and
6. Defendant be awarded its costs of suit, attorneys' fees and any other relief this

Court deems just and proper.

DEFENDANT'S COUNTERSUIT

I. PARTIES

- 1.1 Counter-plaintiff Auto-Sox U.S.A., Inc. is a Washington Corporation.
- 1.2 Counter-defendant William Elmer is believed to be an individual residing in Orange County, Florida.
- 1.3 Counter-defendant Hot to Home, Inc. d/b/a/ HTH Inc. is believed to be a

1 Florida corporation, with its principal place of business in Florida.

2 II. JURISDICTION AND VENUE

3 2.1 This counterclaim is filed under 28 U.S.C. §§2201 and 2202 for declaratory
4 judgment that U.S. Patent No. 5, 711, 100 is invalid and/or unenforceable; section 43(a) of
5 the Lanham Act (15 U.S.C. §1125(a)) for false and misleading advertising; and Florida's
6 Consumer Protection Act: Deceptive and Unfair Practices, Fl. St. §501.204, *et seq.* for unfair
7 business practices.

8 2.2 This Court has subject matter jurisdiction pursuant to 28 U.S.C. §§1331, 1338
9 and 1367.

10 2.3 Venue is proper in the U.S. District Court for the Middle District of Florida,
11 Orlando Division pursuant to 28 U.S.C. §1391 and 1400(b). Counter-defendants reside in
12 this district and a substantial part of the events that give rise to the action occurred in this
13 district.

14 III. FIRST COUNTERCLAIM

15 (Declaration of Invalidity Pursuant to 28 U.S.C. §2201, *et seq.*)

16 3.1 Counter-plaintiff realleges and incorporates by reference the preceding
17 paragraphs as if fully set forth herein.

18 3.2 William Elmer alleges that U.S. Patent No. 5,711,100 is valid and that
19 Counter-plaintiff infringes such patent.

20 3.3 Counter-plaintiff denies that it infringes U.S. Patent No. 5,711,100 as more
21 fully explained in the foregoing Answer and Affirmative Defenses.

22 3.4 Counter-plaintiff further asserts that U.S. Patent No. 5,711,100 is invalid and
23 unenforceable as more fully explained in the foregoing Answer and Affirmative Defenses.

24 3.5 By reason of the foregoing, there is an actual and justiciable controversy
25 between Counter-plaintiff and William Elmer as to the validity and non-infringement of U.S.
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1 Patent No. 5,711,100.

2 3.6 Accordingly, Counter-plaintiff requests a declaratory judgment from this
3 Court that U.S. Patent No. 5,711,100 is not valid, not enforceable, cancelled and/or not
4 infringed by Counter-plaintiff.

5 IV. SECOND COUNTERCLAIM

6 (Inequitable Conduct Before the United States Patent and Trademark Office)

7 4.1 Counter-plaintiff realleges the preceding paragraphs as if fully set forth
8 herein.

9 4.2 William Elmer and/or his agents and counsel engaged in inequitable conduct
10 before the United States Patent and Trademark Office as more fully explained in the
11 foregoing Answer and Affirmative defenses and which is incorporated as if fully set forth
12 herein.

13 4.3 William Elmer's omissions, failure to disclose prior art, and failure to submit
14 a disclosure statement in the application was willful and intentional.

15 4.4 Counter-plaintiff is entitled, pursuant to 35 U.S.C.S. §102, iii, for a
16 declaratory judgment of invalidation of U.S. Patent No. 5, 711, 100.

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18 V. THIRD COUNTERCLAIM

19 (False Advertising in Violation of Section 43(a) of the Lanham Act, 15 U.S.C. §1125(a))

20 5.1 Counter-plaintiff realleges the preceding paragraphs as if fully set forth
21 herein.

22 5.2 Counter-plaintiff and Counter-defendants compete in the market, development
23 and sale of vehicle advertising sign products, including but not limited to magnetic vehicle
24 advertising signs used in the pizza industry.

25 5.3 Counter-plaintiff has marketed and sold its magnetic vehicle advertising signs
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1 since at least 1993.

2 5.4 Beginning at a time currently unknown to Counter-plaintiff, but at least since
3 March 2001, Counter-defendants began making false and misleading statements about the
4 nature of Patent No. 5,711, 100 and other alleged patents and/or pending patents of Counter-
5 defendants, in comparison to Counter-plaintiff's magnetic vehicle advertising signs. Such
6 false and misleading statements include, but are not limited to, statements about the nature
7 and quality of Counter-plaintiff's products, implying that Counter-plaintiff's magnetic
8 vehicle advertising signs are unsafe because they will become detached from the vehicle
9 rooftops and fly off, and that Counter-defendants' magnetic vehicle advertising products
10 have twice the magnetic strength as Counter-plaintiff's products.

11 5.5 Beginning at a time currently unknown to Counter-plaintiff, but at least since
12 1995, Counter-defendants also began making false and misleading statements about the
13 nature of Patent No., 5,711,100, by touting the magnetic pull strength of each of the magnets
14 embodied in the vehicle advertising sign as 90 pounds of rubber coated magnetic holding
15 power per magnet.

16 5.6 Beginning at a time currently unknown to Counter-plaintiff, but at least since
17 1998, Counter-defendants have mismarked and/or failed to mark the magnetic vehicle
18 advertising signs notifying the public that the same is patented under U.S. Patent No.
19 5,711,100.

20 5.7 Counter-defendants are making these false and misleading statements and/or
21 false and misleading representations of fact through, among other channels, its product,
22 advertising brochures, general advertising mediums, and other forms of direct
23 communications to Counter-plaintiff's existing and potential customers.

24 5.8 Counter-defendants are "persons" as that term is used in 15 U.S.C. §43(a).

25 5.9 Counter-defendants know, or have reason to know, that its statements about
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1 Patent No. 5,711,100 and Counter-plaintiff's products are false and misleading.

2 5.10 Counter-defendants' conduct is designed to deceive, and has in fact deceived
3 the marketplace as to the nature, scope and validity of Counter-defendants' patent and
4 products and Counter-plaintiff's products.

5 5.11 Counter-defendants' false and misleading statements are designed to disrupt,
6 and have in fact disrupted, Counter-plaintiff's business and diminished the goodwill of
7 Counter-plaintiff's products by confusing, misleading, and deceiving Counter-plaintiff's
8 existing and potential customers.

9 5.12 Counter-defendants' unlawful misrepresentations constitute false and
10 misleading descriptions of fact, and false and misleading representation of fact in willful
11 violation of Section 43(a) of the Lanham Act, 15 U.S.C. §§1125(a)(1)(B).

12 5.13 As a direct and proximate result of Counter-defendants' unlawful conduct,
13 Counter-plaintiff's have been injured and are likely to continue to be injured in an amount to
14 be proved at trial.

15 5.13 Counter-defendants' unlawful conduct as alleged above has damaged
16 Counter-plaintiff's reputation and resulted in lost profits in an amount to be proved at trial.

17 5.15 Counter-plaintiff is informed and believes, and thereon alleges, that Counter-
18 defendants have engaged in such conduct knowingly, and in deliberate disregard of Counter-
19 plaintiff's rights. Accordingly, this is an exceptional case within the meaning of 15 U.S.C.
20 §1117, entitling Counter-plaintiff to enhanced damages and recovery of attorneys' fees.

21 V. FOURTH COUNTERCLAIM

22 (Unfair Business Practices in Violation of Florida Consumer Protection Act:
23 Deceptive and Unfair Trade Practices, Fl. St. §501 *et seq.*)

24 6.1 Counter-plaintiff realleges and incorporates by reference the allegations of
25 Paragraphs 1 through 5.15 of the countersuit above.

26 6.2 Counter-defendants' unlawful conduct as alleged above has damaged

1 Counter-plaintiff's reputation and resulted in lost profits in an amount to be proved at trial.

2 6.3 Counter-defendants' false and misleading statements about the nature of U.S.
3 Patent No. 5,711,100, the mismarking and/or failure to mark, and false and misleading
4 statements about Counter-plaintiff's products constitute unfair methods of competition, and
5 unfair and deceptive practices in violation of Florida Statute §501 *et seq.*

6 6.4 Counter-plaintiff is informed and believes, and thereon alleges, that Counter-
7 defendants' conduct was done knowingly, willfully, and in deliberate disregard of Counter-
8 plaintiff's rights.

9 6.5 Counter-plaintiff is informed and believes, and thereon alleges, that Counter-
10 defendants' conduct constitutes intentional misconduct in that Counter-defendants knew of
11 the wrongfulness of the conduct and the probability of injury and damage to Counter-plaintiff
12 and pursued the course of conduct nonetheless.

13 6.6 Counter-plaintiff is informed and believes, and thereon alleges, that Counter-
14 defendants' conduct constitutes gross negligence in that it was reckless and wanting in care
15 that it constituted a conscious disregard or indifference to the rights of Counter-plaintiff.

16 6.6 As a direct and proximate result of Counter-defendants' unlawful conduct,
17 Counter-plaintiff has been injured and is likely to continue to be injured in an amount to be
18 proved at trial.

19 **PRAYER FOR RELIEF**

20 WHEREFORE, Counter-plaintiff respectfully prays for the following relief:

- 21 a. Judgment declaring that U.S. Patent No. 5,711,100 is invalid;
22 b. Judgment declaring that Counter-plaintiff has not infringed, induced
23 infringement or contributed to the infringement of U.S. Patent No. 5,711,100;
24 c. Judgment declaring that U.S. Patent No. 5,711,100 is not enforceable;
25 d. Judgment declaring that Counter-defendant is barred by laches from
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1 recovering any damages for alleged infringement of U.S. Patent No. 5,711,100;

2 e. Judgment declaring that Counter-defendant is barred from recovering any
3 damages for alleged infringement of U.S. Patent No. 5,711,100 for failure to mark and/or the
4 mismarking of its product;

5 f. Judgment that this is an exceptional case under 35 U.S.C. §285, and that
6 Counter-plaintiff shall recover its attorneys fees' and costs;

7 g. Judgment that Counter-plaintiff shall recover its attorneys' fees and costs as
8 an entitled remedy under Florida's Consumer Protection Act;

9 h. Judgment declaring that Counter-defendants have violated and continue to
10 violate section 43(a) of the Lanham Act;

11 i. Judgment declaring that Counter-defendants have violated and continue to
12 violate Florida's Consumer Protection Act, §501, *et seq*;

13 j. Judgment enjoining, restraining, and preventing Counter-defendants from
14 making false and misleading statements about U.S. Patent No. 5,711,100 or Counter-
15 plaintiff's products;

16 k. Judgment awarding Counter-plaintiff actual damages in an amount to be
17 proved at trial;

18 l. Judgment awarding Counter-plaintiff punitive damages in an amount to be
19 determined at trial;

20 m. For such other relief as the Court deems just and proper.
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1 DATED this 2nd day of October, 2001.

2 PRESTON GATES & ELLIS LLP

3
4 By 

5 J. Christopher Lynch, WSBA # 17462

6 Theresa L. Keyes, WSBA # 24973

7 J. Michael Keyes, WSBA #29215

8 Attorneys for Defendants

9 Goldenrod Pizza LLC and AutoSox

CERTIFICATE OF SERVICE

I HEREBY CERTIFY that a true and correct copy of the foregoing has been furnished by facsimile service and by U.S. Mail to Brian R. Gilchrist, Esq., of Allen, Dyer, Doppelt, Milbrath & Gilchrist, P.A., 255 South Orange Avenue, Suite 1401, Orlando, Florida 32802, (Facsimile No. 407-841-2343) this 2nd day of October, 2001.

